CALIFORNIA ENERGY COMMISSION
1516 NINTH STREET
SACRAMENTO, CA 95814-5512

June 20, 2001

TO: AGENCY DISTRIBUTION LIST

REQUEST FOR AGENCY PARTICIPATION IN THE REVIEW OF THE CALPEAK POWER-BORDER, LLC EMERGENCY PERMITTING PROPOSAL (01-EP-14)

On June14, 2001, CalPeak Power-Border, LLC (CalPeak) filed an emergency permitting application for the Otay Mesa Border Project (Border). Supplemental information was submitted on June 15, and 18, 2001. The Energy Commission staff reviewed the application and determined it to be complete. This project is being reviewed under Public Resources Code section 25705, which grants the Energy Commission emergency permitting authority, and Executive Order D-26-01, issued February 8, 2001 and Executive Order D-28-01 issued on March 7, 2001. **In Executive Orders D-26-01 and D-28-01, the Governor ordered the Energy Commission and other relevant state and local agencies to expedite review of proposed thermal power plants for construction and operation on an emergency basis by September 30, 2001.** Staff has begun an expedited 'fatal-flaw' analysis of the project. A site visit and hearing will be held in San Diego on June 28, 2001 at a location to be announced, and posted on the project website noted below.

Staff expects the Energy Commission to make a final decision on this project within three weeks of the application being found to be complete. **The Commission requests that you send any comments, concerns, or proposed conditions of certification identified by your agency by June 29, 2001.** The application is available at http://www.energy.ca.gov/sitingcases, and is being sent with this letter. Comments should be sent to Robert Worl, the Energy Commission project manager for CalPeak Border, by e-mail at rworl@energy.state.ca.us. We request that comments be sent in Word 97 format.

PROJECT DESCRIPTION

CalPeak Power-Border, LLC (CalPeak) proposes to construct a simple-cycle peaking electric generation facility (Border, or the project), powered by an FT8 Pratt & Whitney Twinpac, consisting of two gas turbine engines and one 49.5 megawatt (MW) generator. Emissions will be controlled using Best Available Technology (BACT) via a selective catalytic reduction unit (SCR). The project will be located in the City of San Diego south of Otay Mesa Road and north of Airway Road between Route 905 and Sanyo Avenue, in the Otay Mesa area.

The project will connect to an existing SDG&E substation at Border via 1700 feet of new transmission line supported on new wood poles.

Natural Gas will be provided via a new 8-inch natural gas pipeline, to be constructed by SDG&E, along the project site access road right-of-way to an existing line at Sanyo

Avenue. This new line will extend approximately 780 feet from the existing line to the connection site at the project.

Potable water will be provided by the city through an agreement with the Otay Water District (OWD). Water is available via an OWD-owned 12-inch main at Sanyo Avenue. Water will be used principally for periodic evaporative cooling and will be recycled for that purpose on site. When needed, water will be used at a 10 gallon per minute rate. No process water will be discharged. All discharge water not recycled for use on-site will be collected by a contractor for off-site treatment. Since the facility is to be operated unmanned, no other discharges are anticipated.

An ammended General Industrial Activities Storm water Permit will be obtained. Storm water flows from the site would be directed to the existing, natural, drainage path. Best management practices (BMP) will be implemented. Only limited and contained hazardous materials will be on site, reducing any risk of storm water contamination. A secondary containment area for the electrical power transformer will be provided for control of any potential coolant oil leaks. This area will also contain storm water run-off from the transformer. An oily water separator will be provided on the storm water discharge line as a safeguard against any inadvertent discharge.

Aqueous ammonia (19.5 percent solution) will be the only significant hazardous material on site. The containment will be equipped with ammonia detectors with automatic alarms.

Emissions of NO_x from the plant will be controlled to 3 ppm through use of selective catalytic reduction (SCR) equipment.

A construction schedule of approximately 10 weeks is planned, and CalPeak plans commercial operation to begin prior to September 30, 2001.

ENERGY COMMISSION'S FACILITY EMERGENCY PERMITTING AUTHORITY

This project is being considered outside of the Energy Commission's normal power plant permitting process. Under Public Resources Code section 25705, if the legislature or the Governor declares a state of energy emergency, the Commission has emergency authority to order the construction and use of generating facilities under terms and conditions it specifies to protect the public interest. This authority can be invoked only if the Legislature or Governor declares a state of emergency and the Commission determines that all reasonable conservation, allocation, and service restriction measures may not alleviate an energy supply emergency. The Governor declared a state of emergency on January 17, 2001. On February 8 and March 7, the Governor issued several executive orders and declared that all reasonable conservation, allocation, and service restriction measures may not alleviate an energy supply emergency.

In Executive Orders D-26-01 and D-28-01, the Governor ordered the Energy Commission to expedite the processing of applications for peaking and renewable

power plants that can be on line by September 30, 2001. The Governor also declared that these projects are emergency projects under Public Resources Code section 21080(b)(4), and are thereby exempt from the requirements of the California Environmental Quality Act (CEQA). A summary of the emergency permitting process, including the proposed schedule, and a checklist showing the information required in an application, can be found on the web at: http://www.energy.ca.gov/sitingcases/peakers/documents/index.html. A copy of this summary is enclosed.

ENERGY COMMISSION'S FACILITY EMERGENCY PERMITTING PROCESS

The first step in the emergency permitting process is for Energy Commission staff to determine whether or not the application contains all the information listed in the application checklist. Staff determined that the application is complete. Staff has begun a 'fatal-flaw' analysis of the project to determine whether the project should be approved with proposed conditions of certification. The Energy Commission will hold a single public hearing in San Diego on June 28, 2001. This hearing will provide the public, as well as local, state and federal agencies, the opportunity to ask questions about, and provide input on, the proposed project. A notice for this hearing will be mailed, but anyone interested in attending is encouraged to check the project web site. The web site includes instructions for signing up for the project's email list-server.

AGENCY PARTICIPATION

Because the application has been accepted as complete, your participation in the proceeding will be important in identifying and suggesting ways to resolve issues of concern to your agency. There may be specific requests for agency review and comment during the proceeding, though Commission staff anticipates completing its assessment of the project within approximately two weeks of determining the application is complete. If you have questions or would like additional information on how to participate in the Energy Commission's review of the project, please contact Robert Worl, Siting Project Manager, at (916) 651-8853, or by e-mail at rworl@energy.state.ca.us. The status of the project, copies of notices and other relevant documents are also available via the Energy Commission's Internet page at http://www.energy.ca.gov/sitingcases.

Sincerely,

ROBERT L. THERKELSEN, Deputy Director
Systems Assessment & Facilities Siting

Enclosure